

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Consider
Revisions to Electric Rule 20 and Related
Matters.

Rulemaking 17-05-010
(Filed May 11, 2017)

**SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E), PACIFIC GAS AND
ELECTRIC COMPANY (U 39-E), AND SAN DIEGO GAS AND ELECTRIC
COMPANY'S (U 902-E) JOINT AUDIT SCOPE**

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Dated: **July 18, 2017**

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In accordance with the *Order Instituting Rulemaking to Consider Revisions to Electric Rule 20 and Related Matters* (“OIR”), issued on May 19, 2017, to consider revisions to the California Public Utilities Commission’s (“Commission” or “CPUC”) program to replace overhead with underground electric facilities pursuant to Electric Tariff Rule 20,¹ Southern California Edison Company (“SCE”), Pacific Gas and Electric Company (“PG&E”), and San Diego Gas and Electric Company (“SDG&E”) (together, the “Joint IOUs”)² submit this Audit Scope (“Joint IOU Audit Scope”).

I. INTRODUCTION

As part of the OIR, the Commission ordered each electric investor-owned utility (“IOU”) to file and serve an audit scope and a programmatic and financial audit of its administration of its Rule 20A program, conducted by an independent firm.³ As directed by the Commission, the audit will include a review of each IOU’s compliance with the key requirements from prior

¹ OIR at 2.

² Pursuant to Rule 1.8(d) of the CPUC Rules of Practice and Procedure, counsel for PG&E and SDG&E authorized SCE to file this Joint IOU Audit Scope on their behalf.

³ OIR at 18-19.

Commission decisions, and the business controls surrounding Electric Tariff Rule 20A activities⁴ for the period January 1, 2012 through December 31, 2016.⁵ The Joint IOUs support the five issues the Commission directed the IOUs to examine in the audit,⁶ and incorporate additional issues into the Joint IOU Audit Scope in order to evaluate Rule20A activities and associated regulatory requirements.

II. JOINT IOU AUDIT SCOPE

A. Work Credits/Allocations

1. Determine whether Rule 20A annual allocations are calculated as prescribed in the Rule 20 Tariff.
2. Determine whether allocations are calculated accurately and consistently with the methodology prescribed in the Rule 20 Tariff.
3. Analyze the activity level of the governmental agencies receiving Rule 20A allocations; are agencies receiving credits but not using them for an extended period of time.
 - Determine the number of years of annual allocations retained in the current balances for all agencies; and

⁴ *Id.* at 18. The scope of the Rule 20A audit does not include Rule 20B, Rule 20C or Rule 20D (which is only applicable to SDG&E).

⁵ In its Opening Comments on the OIR, filed on June 30, 2017, SCE requested that the Commission narrow the timeframe for Rule20A information from 2005 – 2016 to 2012 – 2016 in order to obtain more robust data reflecting the current Rule 20A landscape. SCE’s Opening Comments on OIR at 3.

⁶ The OIR stated “[t]he audit shall examine issues including but not limited to: (1) Percentages of cost spent on project overhead, labor, materials, and any other cost categories; (2) Whether communities are receiving credits but have not used them for extended periods of time; (3) Identification of factors that contribute to any identified project cost overruns; (4) Percentages of project cost paid by utilities, local government, residents, and any other entities with cost responsibility; and (5) The audit shall also address: the utility Rule 20A program communication and outreach efforts; the utility process for developing Rule 20A revenue requirements for its GRC; whether Rule 20A credit trading and transfer takes place between communities and how the utility is involved in that process; and the utility’s communication practices for coordinating with other utilities that have facilities that are co-located on the pole.” OIR at 18-19.

- Identify length of time since the most recent completed or initiated project for each agency.
- 4. Review the electric utilities' processes and procedures for allocation trading, transfers, and accounting between governmental agencies.
 - Identify electric utilities' role in the process.
- 5. Evaluate compliance with CPUC Resolution E-4101 regarding the borrowing of future allocations.

B. Program Expenditures

1. Perform an analysis to determine the accuracy and variances of the electric utilities' initial project estimates to actual costs for projects completed during the audit period.
2. Identify factors that contribute to project cost overruns (to the extent possible).
3. Assess the percentage of project expenditures by cost element including but not limited to labor, material, contracts, overheads, and others as appropriate.
4. If known by the electric utility, identify the percentage of project costs paid for by the electric utility, local governments, residents, and any other entity with cost responsibility.
5. Review the electric utilities' procedures for overseeing the proper use of Rule 20A ratepayer funds.

C. Program Communication and Outreach

1. Identify each electric utilities' audiences and types (*e.g.*, brochures, one-on-one meetings) of Rule 20A Program communications and community outreach efforts.

D. Program Coordination

1. Evaluate the electric utilities' communication procedures for coordinating with other utilities that have facilities on overhead poles.

E. General Rate Case Forecasting

1. Evaluate the electric utilities' processes for forecasting Rule 20A revenue requirements in their General Rate Cases.

Respectfully submitted on behalf of
Southern California Edison Company,
Pacific Gas and Electric Company and
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